

**STANDARD OPERATING PROCEDURE
FOREIGN FLAG WAIVERS
GDI-04-04**

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1. Purpose. This Standard Operating Procedure sets forth the process for granting foreign flag waivers.

2. Scope. This SOP applies to all personnel in Global Distribution International (GDI).

3. Background. Maintaining a strong U.S. flag maritime industry is an essential element of this Nation's rapid force projection strategy. The strategic importance of this industry has long been recognized and continues to be reflected in our Nation's cargo preference laws. These laws require use of U.S. flag vessels for movement of Department of Defense (DOD) cargo as follows:

a. Cargo Preference Act of 1904. Requires all items procured for or owned by U.S. Military departments and defense agencies be carried exclusively (100 percent) on U.S. flag vessels available at reasonable rates.

b. Cargo Preference Act of 1954. Requires that at least 50 percent of the gross tonnage of all Government-generated cargo be transported on privately owned, U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates.

4. SDDC Policy. It is SDDC's policy to strictly adhere to U.S. cargo preference laws and to use U.S. flag vessels in accordance with Voluntary Intermodal Sealift Agreement (VISA) priorities to the maximum extent possible.

5. Authority. DFARS Section 247.572-2 authorizes the use of foreign flag vessels as an exception to the requirements of the Cargo Preference Act of 1904 when the contracting officer determines that no U.S. flag vessels are available. On 3 Feb 1997, the authorization to approve the use of foreign flag vessels was delegated from the Commander, Military Sealift Command to SDDC for ocean and intermodal transportation of DOD and DOD sponsored cargoes under contracts issued by SDDC. The Commander, SDDC, has further delegated authority to authorize the use of foreign

flag vessels to the SDDC Operations Center for cargo booked by the Operations Center. This authority currently resides with the Chief, Global Distribution International.

6. Process.

- a. All requests for use of a foreign flag vessel shall be forwarded to the Global Distribution International Customer Service Branch (Booking Office).
- b. The Booking Office shall ensure all requests are accompanied by reasons why a U.S. flag vessel can not be used.
- c. The Booking Office will identify U.S. flag options available and contact the shipper in an attempt to reach agreement on use of a U.S. flag vessel.
- d. If the shipper indicates that a U.S. flag vessel will not meet its requirement, the Chief of the Booking Office will forward the shipper's request to the Chief, GDI.
- e. The Chief, GDI will consider requests for waivers on a case-by-case basis. No blanket waivers will be granted.
- f. The Chief, GDI will approve or deny the request to use a foreign flag waiver on the basis of U.S. flag available to meet the shipper's requirement. Cost shall not be a reason to approve use of a foreign flag waiver.
- g. The Chief, GDI will notify the Chief, Booking Office of his/her decision to approve or deny the request.
- h. The Chief, Booking Office will notify the shipper of the decision and book cargo in accordance with that decision.
- i. The Chief, Booking Office will maintain easily retrievable files of approvals to use foreign flag vessels and reasons therefore.

7. Effective Date. This SOP is effective 4 March 2004. It remains in effect until revised by the undersigned or Director, Global Distribution.

GREGORY M. SWEETLAND
Chief, Global Distribution International

4 March 2004